



Public Service Commission of South Carolina

Accountability Report

Fiscal Year 2009-2010

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Section I – Executive Summary

- **Mission and values:**

The Public Service Commission of South Carolina regulates the rates and services of investor owned public utilities in the state of South Carolina and establishes just and reasonable standards for their rates and services.

The mission of the Public Service Commission is to serve the public by providing fair, open, and effective regulation of the state’s public utilities through the faithful administration of the law and the regulatory process.

- **Major achievements for 2009-2010**

During the 2009-2010 fiscal year, the Commission presided over and ruled on several significant cases. The Commission also addressed issues related to energy efficiency and conservation, two topics at the forefront of utility regulation. The Commission continued to provide a transparent regulatory process maintaining effective communications with its customers and stakeholders. In addition, the Commission continued to attain leadership positions within regulatory organizations on the national level furthering the professional development of the Commission. The major achievements are:

Significant Cases

The Commission held over one hundred hearings this year. During the 2009-2010 fiscal year, several large rate cases came before the Commission. Duke Energy Carolinas, Inc. and South Carolina Electric & Gas Company were among these, along with United Utility Companies, Inc., a water/wastewater company. Because of the significant impact the proposed rate increases would have on customers, especially in the current economic climate, it was important that customers’ concerns be heard. The Commission conducted fifteen public hearings, scheduled during evening hours and located in the affected service areas of the companies (Table 7.1-4, page 23). These hearings assisted the Commission in fulfilling its mission statement by providing a forum for fair, open, and effective regulation, and the Commission valued the time invested and efforts made by the public witnesses.

- In the request of Duke Energy Carolinas, Inc. (Duke Energy) to adjust and increase its electric rates and charges and for approval of its energy efficiency program, the Commission held four public hearings (Greenwood, Greenville, Spartanburg, and Columbia) in which 146 people attended. Duke Energy demonstrated the rate increase was necessary to continue to make investments in equipment to comply with regulatory requirements and provide reliable electric utility service. The Commission approved a proposed settlement agreement as a just and reasonable resolution and in the public interest. In addition, the Commission approved Duke Energy’s modified save-a-watt program, designed to promote energy efficiency among consumers.
- United Utility Companies, Inc. (United Utility) submitted an application to the Commission for a general increase in its water and sewer rates. The Commission held five public hearings in this docket (Simpsonville, Piedmont, Anderson, Gaffney, and Columbia). In part, because of the testimony received at the public hearings, the Commission denied the company’s request for a rate increase. The Commission did approve an increase in certain fees and modifications to existing tariffs.

- South Carolina Electric & Gas Company (SCE&G) submitted an application to the Commission for increases and adjustments in its electric rate schedules and tariffs. In its application, the company sought a retail revenue increase of 9.52% primarily to recover funds previously spent by the company in meeting federally mandated environmental and safety regulations. Because of the response the Commission received from SCE&G customers concerning the rate increase, the Commission held public hearings in Summerville, Charleston, Aiken, and Columbia to hear testimony from customers. Nearly 500 people attended these hearings. Through a negotiated settlement, the Commission approved a revenue increase of 4.88%, to be phased in over three years. Also, the Commission approved a pilot weather normalization adjustment mechanism designed to reduce spikes in electric bills caused by extreme weather conditions such as those experienced in the unusually cold winter of 2009-2010.
- Energy efficiency, energy conservation, and demand side management were addressed throughout the year. The Commission approved the programs submitted by Piedmont Natural Gas Company and each of the electric utilities regulated by the Commission. A majority of the programs contain a component that provides weatherization assistance to low income residences. The energy efficiency, energy conservation, and demand side management programs have built-in review periods and will be re-evaluated and analyzed for cost benefit to the consumer.

Operations

The Commission developed and implemented a new procedure for handling customer complaints. Forms can be completed online, and upon receipt in the Clerk's Office, it is the Commission's goal to conduct a hearing within 45 days.

The Commission promulgated regulations that clarified or deleted existing regulations. These regulations also addressed public interest safety concerns.

Communications

The Commission conducted public workshops on topics such as energy efficiency and demand side management, renewable energy, smart grid, wood biomass as an energy resource, the Lifeline telecommunications program, and the transportation industry as regulated by the PSC.

After a review of the Commission's transportation forms, all paper forms were converted into interactive forms that can be completed online.

The Commission implemented an additional online database system designed to index all Commission orders by case name and keyword.

Professional Development

Commissioners continued to achieve positions of leadership on the national level. Currently, PSC Commissioners serve as chairs of several National Association of Regulatory Utility Commissioners (NARUC) committees and hold membership on key strategic federal panels and committees. (Figure 7.4.2, page 29)

Commissioners and staff also participated in NARUC and the Southeastern Association of Regulatory Utility Commissioners (SEARUC) conferences and workshops to keep abreast of current issues within the regulated industries.

The Commission sponsored a three-day electricity law seminar featuring speakers from the National Regulatory Research Institute (NRRI). The seminar was open to the public and covered the fundamentals of electricity law, renewable energy, energy efficiency, and smart grid. The seminar was well attended and a follow-up is being planned for late 2010.

In August of 2009, Commissioner Mignon Clyburn was sworn into office to serve as a commissioner on the Federal Communications Commission (FCC).

- **Key strategic goals for present and future years:**

The Commission must be effective in regulating the entities that come before it and relevant in its activities.

The Commission will continue to improve its hearing procedures so as to provide the public with accessible, transparent, and effective regulation of public utilities and provide the public with clear information about the regulatory process and its decisions.

An on-going goal of the Commission is to improve its operations through technological advances. As opportunities are identified, the Commission will investigate the costs and benefits and take the appropriate actions.

- **Key strategic challenges:**

The nation's electric and gas industries are subject to a broad range of regulatory models across the country, and regulators have taken a number of measures to increase competition and investment. And with growing pressure for the generation of energy using alternative energy sources, the Commission must effectively regulate these industries, safeguarding the ratepayers, without unduly burdening the industries or stifling competition.

The public relies on the Commission's online systems to access information related to its operations. The Commission must budget funds to support maintenance and development of the systems.

The water and sewer industries are also faced with stricter environmental regulations, as well as the rising cost of water itself, which is often purchased from third party providers and distributed to the customer by the utilities, and can lead to increased operating expenses.

Another key strategic challenge that faces the Commission is the need to maintain an effective regulatory environment without unnecessarily impeding change in a dynamic marketplace.

And lastly, the Commission faces a challenge in the retention of qualified personnel. Qualified individuals often opt for higher compensation in the private sector.

- **How the accountability report is used to improve performance:**

The Accountability Report is used in conjunction with the agency's strategic plan to measure organizational performance and gauge overall progress in fulfilling the organization's mission and objectives.

Section II – Organizational Profile

- **Main products and services and primary methods by which these are delivered:**

The PSC serves as a quasi judicial body charged with the adjudication of cases involving the state’s investor owned utilities that provide electric, gas, telecommunications, water, sewer, and various transportation services to the citizens of South Carolina. As such, it is the Commission’s duty to accept all filings, pleadings, testimony, etc. that are associated with cases presented before the Commission and to rule on such cases in the form of issuance of orders. These orders put into full force and effect rulings on:

- Rates and schedules
- Certificates of operation for telecommunications companies and transportation carriers
- Consumer complaints
- Service issues
- Territorial assignments of regulated utilities
- Telecommunications interconnection agreements
- Prudency reviews of electric and gas utilities’ fuel purchasing practices
- Arbitration of disputes involving certain federal statutes, such as the Federal Telecommunications Act of 1996
- Reviews of allowable costs for Chem-Nuclear Systems, LLC
- Standards under the federal Energy Policy Act of 2005
- Siting and financing for generating facilities

The Commission’s Docket Management System (DMS), an on-line case management system (<http://dms.psc.sc.gov>), maintains the documents and events associated with a case. Hearings on cases are held before the commissioners, and directives are issued from the bench at the weekly public Commission Agenda Meetings (below). (See Chart 7.1-1, page 21) Orders are subsequently issued to the parties of record in the case.



Commission Agenda Meeting

- **Key customers and their key requirements/expectations:**

As a regulatory agency, the key customers of the Public Service Commission are the utilities subject to the jurisdiction of the Commission and the public who are served by these regulated utilities. The statutory mandate of the Public Service Commission is to ensure that the rates charged by the utilities are just and reasonable. The Commission also ensures that service quality standards are maintained and that utility customers are treated fairly.

- **Key stakeholders:**

The regulations and rulings of the Commission directly impact other state agencies such as the Office of Regulatory Staff (ORS). In addition, NARUC, SEARUC, the Federal Energy Regulatory Commission (FERC) and North American Electric Reliability Council (NERC) benefit from the Commission's involvement with these organizations. The State Regulation of Public Utility Review Committee (PURC) is the joint legislative committee charged with the oversight of the Commission as a result of Act 175.

- **Key suppliers and partners:**

The Commission employs the services of software designers to develop, enhance, and maintain its online systems, and a network support specialist to maintain its network software in conjunction with the Commission's information technology staff.

- **Operation location:**

The Public Service Commission's office is located on the first floor of the Saluda Building in the Synergy Business Park in Lexington County. The street address is 101 Executive Center Drive, Suite 100, Columbia, SC 29210.

- **Employment statistics:**

In FY 2009-10, the Public Service Commission had 37.5 classified full time equivalent positions, 1 temporary position, and 1 contract position.

- **Regulatory environment under which organization operates:**

The Commission regulates investor-owned electric, natural gas, telecommunications, water, and wastewater utilities for which numerous federal, state and local regulations exist. The Commission also regulates the transportation of household goods, hazardous waste, and passengers, which must conform to various safety and market regulations in order to obtain certificates of public convenience and necessity allowing them to operate in South Carolina. Finally, the Commission determines the allowable costs for Chem-Nuclear Systems, LLC, a regional low-level radioactive waste disposal facility located in Barnwell, South Carolina.

Most Commission orders may be appealed to the state Supreme Court. In addition, the Commission has some overlapping jurisdiction with federal entities such as the FCC, FERC, and NERC.

- **Performance improvement systems:**

The Commission currently records and monitors on a monthly basis several key inputs and outputs in its docket processing system. These key identifiers such as new dockets, hearings, directives, orders and electronic filings assist management in allocating resources to meet demands. (See Charts 7.1-1 thru 7.1-6, and 7.2-1 thru 7.2-4, pages 21-27)

Activity related to agency Hearing Officers and Hearing Examiners is also tracked to ensure that this component of the Commission is utilized whenever possible to improve the timeliness of proceedings. (See Chart 7.1-5, page 24)

The State Regulation of Public Utilities Review Committee (PURC) serves as the joint legislative committee that oversees the operations of the Commission as a result of Act 175. The committee is chaired by Senator Thomas Alexander, and Representative Harry Cato is its vice chairman. Other legislature members are Senators Bradley Hutto and Luke Rankin, and Representatives Harry Ott and William Sandifer. In addition, there are four members from the public sector, namely, Elizabeth Atwater, Erik Ebersole, John Simmons, and Helen Zeigler that also serve on the committee. Each year the Commission develops objectives and action plans and reports on the results to the committee. These objectives are in line with the Commission's strategic plan and goals.

An external system is also employed which features customer satisfaction surveys to identify areas of concern and improvement with respect to operations, timeliness, and quality of service.

At least twice a year, the Commission has meetings with its Advisory Committee, which consists of more than thirty members from the legal community who regularly practice before the Commission (Figure 3.6-1, page 17). Discussions center on current and new operations, suggestions for improvement, and feedback on the Commission's priorities and objectives.

Organizational structure:

The Public Service Commission is comprised of a seven member board elected by the General Assembly for four year terms, representing each congressional district plus an at-large member.

Public Service Commission of South Carolina

	Commissioner John E. "Butch" Howard Charleston, SC Representing District 1 Term Expires June 30, 2012		Commissioner David A. Wright Columbia, SC Representing District 2 Term Expires June 30, 2014
	Commissioner Randy Mitchell Saluda, SC Representing District 3 Term Expires June 30, 2012		Commissioner Elizabeth B. "Lib" Fleming Spartanburg, SC Representing District 4 Term Expires June 30, 2014
	Commissioner G. O'Neal Hamilton Bennettsville, SC Representing District 5 Term Expires June 30, 2012		Commissioner Nikiya "Nikki" Hall Columbia, SC Representing District 6 Term Expires June 30, 2014 *
	Commissioner Swain E. Whitfield Blythewood, SC At-Large Representative Term Expires June 30, 2012		Interim Chief Clerk/Administrator Jocelyn G. Boyd ** Columbia, SC

The Chief Clerk and Administrator manages the day-to-day operations of the Commission. Four departments, Administrative, Clerk's Office, Legal, and Advisory Staff, perform the daily duties of the Commission. All departments have a manager reporting directly to the Chief Clerk.

* Commissioner Hall was elected May 19, 2010 by the General Assembly and sworn into office June 16, 2010.

** Chief Clerk Charles Terreni returned to private practice February 5, 2010. Deputy Clerk Jocelyn Boyd was appointed the Interim Chief Clerk.

• **Expenditures/Appropriations Chart:**

Actual expenditures for fiscal years 2008-2009 and 2009-2010, and appropriations for 2010-2011 are shown in the following chart. The utilities regulated by the Public Service Commission are assessed to provide funding for the Commission. The Commission was the recipient of a two-year grant from the American Recovery and Reinvestment Act of 2009 (ARRA 2009). The grant will be used to fund activities at the Commission, the ORS, and the PURC.

Major Budget Categories	FY 08-09 Actual Expenditures		FY 09-10 Actual Expenditures		FY 10-11 Appropriations Act	
	Total Funds	General Funds	Total Funds	General Funds	Total Funds	General Funds
Personal Service	\$ 2,874,907		\$ 2,693,903		\$ 3,080,895	
Other Operating	\$ 753,382		\$ 698,686		\$ 895,660	
Special Items						
Permanent Improvements						
Case Services						
Distributions to Subdivisions						
Fringe Benefits	\$ 770,084		\$ 683,722		\$ 854,844	
Non-recurring						
Total	\$ 4,398,373		\$ 4,076,311		\$ 4,831,399	

• Major Program Areas Chart:

Program Number and Title	Major Program Area Purpose (Brief)	FY 08-09 Budget Expenditures	FY 09-10 Budget Expenditures	Key Cross References for Financial Results
Administrative Department	Provides administrative support and direction to ensure consistency, compliance, financial integrity and fulfillment of the agency's mission.	State: Federal: Other: \$ 2,253,787 Total: \$ 2,253,787 % of Total Budget: 51%	State: Federal: Other: \$2,326,523 Total: \$2,326,523 % of Total Budget: 57%	Figure 7.2-3 Chart 7.2-4
Clerk's Office	Processes all legal documents that are filed with the Commission. Creates and mails all notices of filings. Processes public inquiries. Prepares and maintains all hearing documents.	State: Federal: Other: \$850,432 Total: \$850,432 % of Total Budget: 19%	State: Federal: Other: \$694,479 Total: \$694,479 % of Total Budget: 17%	Chart 7.1-1 Chart 7.1-5 Chart 7.2-1 Chart 7.2-2 Figure 7.2-3 Chart 7.2-4 Chart 7.5-1 Table 7.6-1
Legal Department	Advises the Commission regarding pending cases. Drafts legal documents.	State: Federal: Other: \$699,009 Total: \$699,009 % of Total Budget: 16%	State: Federal: \$ 5,445 Other: \$581,517 Total: \$586,962 % of Total Budget: 14%	Chart 7.1-1 Chart 7.1-2 Chart 7.1-3 Table 7.1-4 Chart 7.1-6 Table 7.6-1
Office of Advisory Staff	Provides technical advice to the commissioners and staff.	State: Federal: Other: \$595,145 Total: \$595,145 % of Total Budget: 14%	State: Federal: \$ 6,882 Other: \$461,465 Total: \$468,347 % of Total Budget: 12%	Chart 7.4-1 Figure 7.4-2
Below: List any programs not included above and show the remainder of expenditures by source of funds.				
	Remainder of Expenditures:	State: Federal: Other: Total: % of Total Budget:	State: Federal: Other: Total: % of Total Budget:	

Section III – Elements of Malcolm Baldrige Award Criteria

Category 1 – Senior Leadership, Governance, and Social Responsibility

The Public Service Commission performs an annual exercise of developing performance measures in the areas that are critical to the successful operation of the agency. Under direction of the PURC, and with input from the Commission's Advisory Committee, key performance goals and action items are identified. These goals and action items translate into the Commission's performance measurement system which guides the agency in the management of its processes.

Senior leaders (i.e. the Commission and its professional staff) set, deploy, and ensure two-way communication for short and long term direction and organizational priorities through the performance measurement process described above. Senior leaders regularly review the progress on the action items established in the performance measurement process. The PURC reviews the performance measures on a yearly basis as well.

The goals developed in the performance measurement process reflect the values by which the Commission operates: fairness in its decision-making, aspiring to professional excellence, and providing value and accountability to the citizens of South Carolina.

The Commission encourages individual contribution to performance and operations improvements and rewards such contributions. Developmental and agency training needs are identified by senior management, and as deficiencies are identified, solutions are developed to provide the necessary instruction.

Senior leadership fosters ethical behavior by attending an annual ethics seminar, publishing a periodic newsletter that addresses ethics issues, and the designation of in-house personnel to resolve issues that arise in the day to day operations. The Commission adheres to the SC Code of Judicial Conduct in its operations.

Senior leaders promote a focus on customers and other stakeholders by utilizing the Commission's Advisory Committee in a series of forums that address operations and procedures at the Commission, independent surveys of parties that practice before the Commission, and soliciting customer feedback through satisfaction surveys.

The Commission addresses the current and potential impact on the public with respect to its services, facilities, and operations by conducting hearings that are open to the public. In these hearings, public comment is both requested and desired. In addition, the companies that are under jurisdiction of the Commission must publish notices in local media concerning changes to their operations as mandated by the Commission's regulations.

This past year, the Commission conducted fifteen additional public hearings associated with rate request applications in addition to the merits hearings before the Commission. These hearings were scheduled during evening hours and located in the affected service areas of the companies. Public hearings were also held at the Commission's office to inform the public of emerging utility issues such as energy efficiency and demand side management, wood biomass as an energy resource, the Lifeline telecommunications program, and the regulation of the transportation industry.

Senior leaders maintain fiscal, legal, and regulatory accountability through regular communication with the PURC. The Commission's budget must be reviewed by the PURC prior to submission for approval from the General Assembly.

Senior leaders regularly review the progress on the action items that were established in the performance measures development process. In addition, key statistics related to operations are reported and tracked on a monthly basis.

The performance measurement process defines the organizational values for the Commission, and the developed action items provide a means to meet the goals established for the Commission. Senior leadership improves its own effectiveness by identifying areas where additional knowledge and skills are required in order to meet the objectives in the performance measurement system.

Senior leaders use the performance measurement process to create an environment for performance improvement and accomplishment of strategic objectives.

Senior leadership recognizes the importance of staying up to date in all areas of the regulatory process in this fast changing and volatile environment. They encourage the workforce to seek additional knowledge and training when required.

Senior leadership interacts with the entire workforce through the work processes. High performance is recognized and rewarded using an Employee Recognition Program.

The commissioners of the Public Service Commission are elected by the General Assembly. The chairman and the senior staff work to promote and educate future organizational leaders by identifying programs that will cultivate the skills necessary to lead the agency. This past year, several commissioners organized and led many of the NARUC meetings as a result of their leadership positions within NARUC. Currently, PSC Commissioners serve as chairs of several NARUC committees, and hold membership on key strategic federal panels and committees. Below is a listing of the positions held by the Commission:

Commissioner Leadership Positions 2009-2010

Commissioner Howard District 1	Chairman Board Member Member	NARUC Committee on Water NARUC Board of Directors Dept. of Homeland Security, Water Sector Government Coordinating Council
Commissioner Wright District 2	Chairman Member Member Chairman Co-Chairman	NARUC Nuclear Issues and Waste Disposal Subcommittee NARUC Washington Action Committee NARUC Committee on Electricity Nuclear Waste Strategy Coalition Yucca Mountain Task Force
Commissioner Mitchell District 3	Member Vice Chairman Vice Chairman Member	NARUC Committee on Telecommunications FCC-NARUC Advanced Services Committee NARUC Special Access Study Committee NARUC Committee on Critical Infrastructure
Commissioner Fleming District 4	Chairman Member Board Member Member	NARUC Committee on Critical Infrastructure NARUC Committee on Electricity NARUC Board of Directors Eastern Interconnection States Planning Council
Commissioner Hamilton District 5	Chairman Member Board Member Member	NARUC Committee on Gas NARUC Nuclear Issues and Waste Disposal Subcommittee NARUC Board of Directors National Petroleum Council
Commissioner Hall District 6		(Took office June 16, 2010)
Commissioner Whitfield At-Large	Member Member	NARUC Committee on Energy, Resources, and the Environment NARUC Committee on Gas

The Commission's senior leadership actively supports and strengthens the communities in which the agency operates by volunteering their time to numerous civic and religious organizations. In addition, members of the Commission serve the youth of the community by their involvement in local school and recreational programs. Some activities and service organizations that the Commission is involved in to enrich their communities are Habitat to Humanity, Rotary Club, Ruritan Club, the YMCA, the Irmo-Chapin Recreation Commission Athletic Advisory Committee, United Way, Harvest Hope Food Bank, the American Red Cross, the American Cancer Society, and the Colorectal Cancer Action Committee.

Category 2 - Strategic Planning

The regulatory climate today is dynamic and can be best addressed through a proactive regulatory process that reflects the increased competitive nature of the companies within the nation and the state while seeking to best serve the needs of all of the citizens of the state.

The State Regulation of Public Utilities Review Committee (PURC) serves as the joint legislative committee that oversees the operations of the Commission as a result of Act 175. Together with the recommendations of the PURC and the Commission's Advisory Committee, which is comprised of individuals who deal with the Commission on a regular basis, senior management develops the strategic plan and implementation process.

Our strategic planning process addresses our organization's strengths, weaknesses, opportunities, and threats by identifying those areas that are critical to the successful operation of the agency and the systems that must be in place and function at optimum performance to achieve our goals. Those critical operations are functions performed by the clerk's office related to filings of matters and service of orders, hearings conducted by the commissioners, and the legal staff's advice to the Commission and assistance in drafting orders. Senior management is involved in the day to day operations of these functions and is able to make necessary adjustments to meet goals. The PURC oversees the operations at the Commission and recommends objectives that need to be met in order to comply with regulations.

The public utility arena has become increasingly competitive over the last decade with the introduction of deregulation on both the federal and state levels. The Commission must stay informed on these initiatives and respond to situations in a timely manner. This is done through the Commission's affiliation with NARUC and SEARUC and their partnered organizations.

To keep informed of potential legislation or court rulings on the federal or state level that would impact the Commission, an alert system is in place to notify senior leadership and includes an internal electronic discussion board (blog).

The Commission is continually striving to maintain cutting edge technology with respect to its operations. As new technology becomes available, the information technology staff investigates its potential benefits and makes recommendations to senior management.

With the guidance of the PURC and input from the Commission's Advisory Committee, action plans are identified and developed by senior management so that the critical operations of the Commission will have the necessary resources to function at optimum performance. These resources may be human, systematic or technological. Senior management oversees the day to day critical operations of the Commission and is able to allocate resources to meet the demands.

Strategic objectives, action plans, and related performance measures are communicated and deployed throughout the agency through senior management.

Progress is measured on action plan items by means of periodic update sessions with senior management. New tasks and additional resources are assigned, if necessary, at these meetings to ensure that the action item continues on track.

Key strategic objectives and action plans are outlined in the following chart:

Strategic Planning

Program Number and Title	Supported Agency Strategic Planning Goal/Objective	Related FY 09-10 and beyond Key Agency Action Plan/Initiative(s) and Timeline for Accomplishing the Plan	Key Cross References for Performance Measures
Administrative Department	The Administrative Department provides administrative support and direction to ensure consistency, compliance, financial integrity, and fulfillment of the agency's mission.	Maintain all personnel-related records; record and file annual reports from regulated companies; provide a variety of information technology support services; handle internal mail distribution, photocopying, and central supplies; publish newsletters and reports; conduct training sessions for staff; develop agency budget; perform financial functions related to the agency such as payroll and general ledger accounting. [2010-2011]	Figure 7.2-3 Chart 7.2-4
Clerk's Office	The Clerk's Office processes all legal documents that are filed with the Commission. Creates and mails all notices of filings and directives. Schedules hearings before the Commission. Prepares and maintains all hearing documents.	Process all legal documents filed with the agency; prepare notices; maintain accurate and complete files of the commission's dockets; provide copies of recent and historical commission orders through the agency's online docket management system (DMS); provide court reporter services and transcripts, provide copies of matters filed in dockets to the public on the DMS; maintain company tariffs; maintain the Order Index System. [2010-2011]	Chart 7.1-1 Chart 7.1-5 Chart 7.2-1 Chart 7.2-2 Figure 7.2-3 Chart 7.2-4 Chart 7.5-1 Table 7.6-1
Legal Department	The Legal Department provides legal advice to the Commissioners and staff, and drafts the oral decisions of the Commission.	Properly set out in writing the decisions of the commission; provide appropriate consultation to the commission staff on all laws and regulations pertaining to the utility and transportation industries; attend national and regional conferences related to laws and regulations; review and revise regulations. [2010-2011]	Chart 7.1-1 Chart 7.1-2 Chart 7.1-3 Table 7.1-4 Chart 7.1-6 Table 7.6-1
Office of Advisory Staff	The Office of Advisory Staff provides technical advice to commissioners and staff.	Provide policy input to the commissioners regarding changing and evolving regulations in reference to jurisdictional utilities; develop and present educational seminars to commissioners and staff; attend national and regional conferences related to laws and regulations; interact with external groups such as NARUC, FERC, NRRI, etc. via electronic communication and conference calls. [2010-2011]	Chart 7.4-1 Figure 7.4-2

Evaluation and improvement of the strategic planning process requires senior management's knowledge of the short and long term goals for the agency coupled with the results from the performance measurement program and input from customers and key stakeholders.

In the event of a state of emergency due to a manmade or natural disaster, ordinary operations at the Public Service Commission would resume after the state of emergency is lifted. However, the Commission will meet as needed to issue any emergency orders that may be necessary.

Category 3 - Customer Focus

Through strategic planning, our customer and stakeholder groups have been identified as individuals and businesses acquiring the services provided by our regulated utilities, citizens of our state who would be affected by the unsafe operation of utility services, and utilities authorized to operate within the state of South Carolina.

A variety of procedures are employed to determine customer needs, expectations, and satisfaction. These include:

- Workshops/Training Classes
- Generic Proceedings
- Advisory Focus Groups
- Publications/Public Service Announcements/Websites
- Performance Surveys (formal and informal)
- Formal Proceedings

Through the Commission’s formal hearings and meetings and its online public information systems, customers are able to access the information concerning proceedings before the Commission.



Figure 3.6-1 – Members of the PSC Advisory Committee discussing an issue.

The Commission meets with its Advisory Committee, which is comprised of individuals who deal with the Commission on a regular basis to address issues related to its operations and procedures. Members of the Advisory Committee contribute helpful suggestions, and their input is valued and taken into account when changes to operations or procedures are required. (Figure 3.6-1)

Customer satisfaction with the Commission’s operations and service is a high priority. In a survey of the Commission’s Advisory Committee members regarding the satisfaction level of timeliness and quality of service in their dealings with the Commission, the respondents replied with “highly satisfied” or “satisfied” responses.

By responding to our customers in a timely fashion and meeting their expectations with respect to service received, whether it is from one of our online systems or direct communication with a staff member, the Commission continually strives to improve its operations. Because the Commission must operate under the Code of Judicial Conduct, the agency is limited in its direct contact with its customers, but will continue to make improvements to its operations and procedures to provide an environment that leads to healthy customer relations.

Category 4 - Measurement, Analysis, and Knowledge Management

Key performance measures are identified as being those functions that are critical to the successful operation of the agency to achieve its goals. Those critical operations are functions performed in the filings of matters and service of orders, hearings conducted by the commissioners, and preparation and issuance of orders.

Monthly totals (number of new dockets, filings, hearings, directives, orders, etc.) are collected, analyzed, and reported to senior management. Senior management is involved in the day to day operations of these functions and can adjust workloads to ensure deadlines are being satisfied.

Where available, measures are compared to past trends to assist management in planning future workloads.

Whenever possible, data is collected and reported automatically to ensure its integrity, reliability, and accuracy. In cases where manual collection is required, data is validated to ensure accuracy.

Weekly meetings with senior management are held to discuss upcoming filings, hearings, and issues and allocate resources to meet them.

Although job functionality is specific to industry and workload is structured by industry, general cross training of duties does occur to handle the instances of vacations, sick leave, training, etc. Additionally, standardization of operations is performed when applicable. Internal “Best Practices” documents have been developed to assist in this standardization.

Category 5 – Workforce Focus

Workloads are organized and managed according to function. From the time a docket is created, every department at the Commission is actively involved in its filing and disposition. A high level of cooperation exists between departments because of the interdependence in processing a docket. Because of this interdependence, senior management meets weekly to ensure that all departments are working on the same set of short term goals and sharing critical information.

Developmental and agency training needs are identified by senior management. As deficiencies are identified, solutions are developed to provide the necessary instruction. Individual training requests can be made to develop expertise or knowledge in an area of an employee’s job description. Informal evaluations are recorded for training that is performed off-site. Employees are encouraged to use the new knowledge and skills. Internal “Best Practices” documents have been developed to standardize functions where possible.

The Commission received a two-year grant from the American Recovery and Reinvestment Act of 2009 (ARRA) to ensure that staff has the appropriate technical expertise to process regulatory activities pertaining to ARRA electricity related initiatives such as energy efficiency, demand



Figure 5.6-1 – NRRI Presenter at Seminar

response management, renewable energy, smart grid, and transmission. The Commission sponsored an Electricity Law Seminar in which Commissioners and staff members attended. The seminar featured presenters from the National Regulatory Research Institute (NRRI), and sessions were held on renewable energy, energy efficiency, and smart grid. (Figure 5.6-1) This seminar was open to the public, and nearly one hundred people from the regulatory and legal community, as well as representatives from the electric utility industry, were present. A follow-up seminar is planned for later in the year.

Senior management is involved in leadership on the national level with affiliated organizations and stay informed of current issues within the industries regulated by the Commission. Members of the Commission receive training in ethical practices through seminars and newsletters. (Figure 5.6-2)



Figure 5.6-2 - Cathy Hazelwood of the SC Ethics Commission conducts training for the PSC.

The Commission fills agency vacancies utilizing existing personnel if possible. For recruitment from outside the agency, the Commission partners with the SC Office of Human Resources' E-Recruitment System. A member of senior management is involved in the hiring, orientation, and training of new hires.

Additional technology and appropriate tools required to perform job functions are utilized when resources are available. The Commission encourages individual contribution to performance and operations improvements and rewards such contribution utilizing a structured Employee Recognition Program. The Commission recognizes members of its workforce for years of service. (Figure 5.12-1)



Figure 5.12-1 – Length of Service Award Ceremony

The Commission has a prevention and wellness program in place to educate its workforce on good health practices for the home and workplace. Activities include cholesterol and blood pressure screening, stress management, weekly health tips, and flu shots.

The Synergy Business Park is a safe and secure workplace. Coded secure entrances provide security to employees.

Category 6 - Process Management

Most of the processes utilized by the Commission are dictated by statute or regulation. Whenever a party desires a hearing before the Commission, the party must file a formal application requesting a hearing. The Clerk's Office reviews the application to ensure that it complies with all legal requirements. Once the Clerk's Office accepts the application, it is noticed on the Commission's agenda as an advised item to begin the notification process.

In most cases, public notice must be given, often in bill inserts and notices published in newspapers of the affected areas. Deadlines are set for intervention and the filing of testimony, and a hearing date is scheduled. Discovery, information requests, and interrogatories follow the procedures set forth in the Code of Laws of South Carolina. A hearing before the Commissioners is held, and a court reporter transcribes the proceeding. (Figures 6.2-1 and 6.2-2)



Figure 6.2-1 – Public Night Hearing, Tega Cay, SC



Figure 6.2-1 – Commission Bench during public hearing in Aiken, SC.

Parties generally file legal briefs or proposed orders shortly after the hearing transcripts are released. The commissioners render their decision at a Commission Meeting, and the legal department drafts an order, which is then made available for their review. Any input from commissioners is incorporated before the order is finalized, and the Clerk's Office mails a copy of the order to the parties of record. Any party to the hearing can ask the commissioners to reconsider their decision and can appeal the decision to the Appellate Court. This process most often applies to our jurisdictional utilities.

The DMS is used extensively in the process management of these tasks. Since it is an online system, the parties of record and the general public can monitor the activity of a case. Daily reports are generated from the DMS that list activity on the system with respect to process management (new dockets, filing of matters, issuance of orders, etc.) In addition, the Commission’s main website contains the latest information on current issues and cases.

With the input of the Commission staff, senior leadership, the Commission’s Advisory Committee, and customer feedback, improvements and updates to processes are identified in order to improve performance. Weekly meetings with senior management are held to discuss upcoming filings, hearings, and issues and allocate resources to meet them.

Senior management regularly reviews the agency's budgetary status and makes adjustments where necessary based on developed contingency plans. Prior to the beginning of the fiscal year, departmental managers submit budgets for education, equipment, training and other budgetary needs for their areas. Throughout the year, managers update their requirements and budget revisions are made.

Category 7 - Business Results

Key business results for the 2009-2010 year include improvements in operations, communications, and professional development.

7.1 The Commission’s primary duty is to adjudicate cases involving the state’s investor owned utilities. Significant improvements in operations resulted in increased productivity, information flow, and streamlining of processes.

- The Commission held 103 hearings this past fiscal year and issued over 945 orders, an increase of 17% over last year. This is due to improvements in operations and an increase in caseload. (Chart 7.1-1)

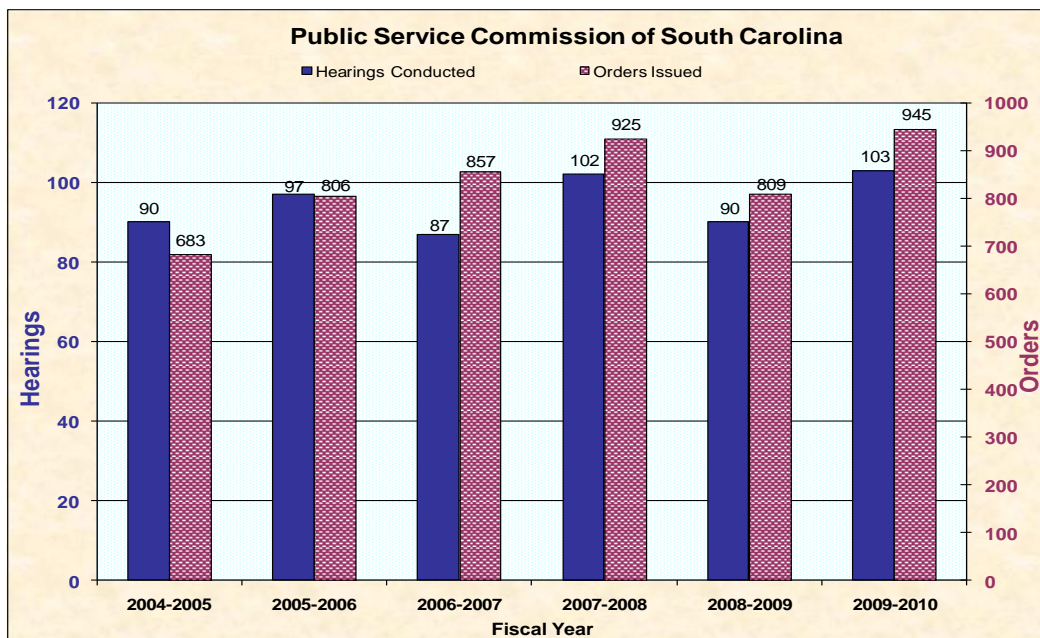


Chart 7.1-1 PSC Hearings and Orders

- The Commission’s hearings encompass the telecommunications, electric, gas, water/wastewater, and transportation industries. (Chart 7.1-2)

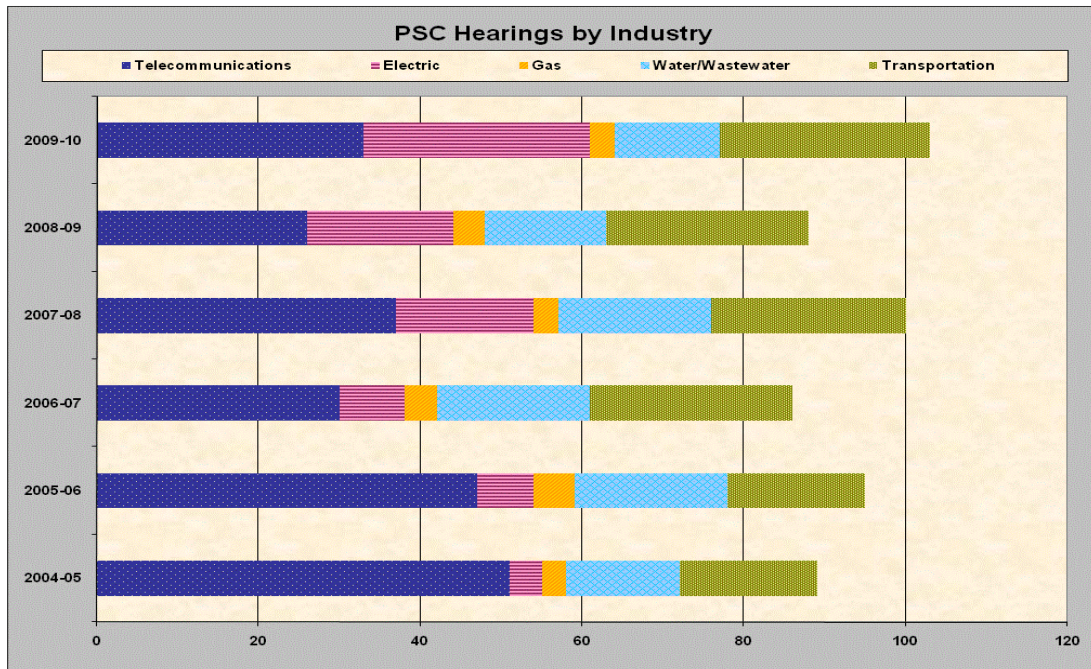


Chart 7.1-2 Hearings by Industry

- 2009-2010 saw a 55% increase in the number of cases in the electric industry. Two of the major electric utilities had rate requests before the Commission this fiscal year, and all the electric utilities submitted applications to address energy efficiency and demand side management programs and renewable energy resource planning. (Chart 7.1-3)

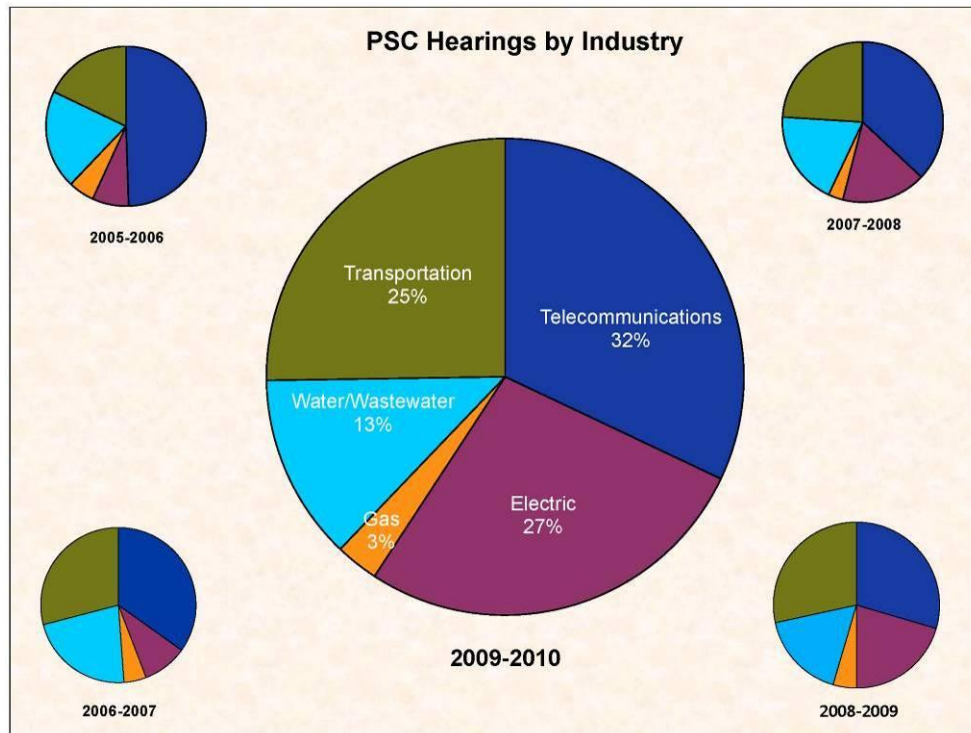


Chart 7.1-3 Hearings by Industry

- In conjunction with the significant rate request cases that came before the Commission this fiscal year, the Commission held 15 public hearings across the state to hear customers' concerns. (Table 7.1-4) These hearings assisted the Commission in fulfilling its mission statement by providing a forum for fair, open, and effective regulation.

2009-2010 PSC Night Hearing Data				
Date	Applicant	Location	Attendees	Witnesses
November 19	Duke Energy	Greenwood	33	9
November 23	Duke Energy	Greenville	44	21
November 24	Duke Energy	Spartanburg	68	34
November 30 *	Duke Energy	Columbia	1	1
February 23	United Utility	Simpsonville	43	11
February 25	United Utility	Piedmont	73	17
March 8	United Utility	Anderson	10	3
March 15	United Utility	Gaffney	13	7
March 23 *	United Utility	Columbia	7	5
April 26	SCE&G	Summerville	173	39
April 27	SCE&G	Charleston	167	36
May 6	SCE&G	Aiken	60	23
May 19	Tega Cay	Tega Cay	210	19
May 24	SCE&G	Columbia	73	30
May 24 *	SCE&G	Columbia	4	1

Table 7.1-4 2009-2010 Night Hearings

* Public witnesses testifying at the merits hearing in Columbia.

- The Commission opened 473 new dockets during the fiscal year, virtually the same as last year. A new docket is opened whenever an application is submitted to the Commission, a complaint, petition, or agreement is filed, or a rulemaking or fuel case proceeding comes before the Commission. (Chart 7.1-5)

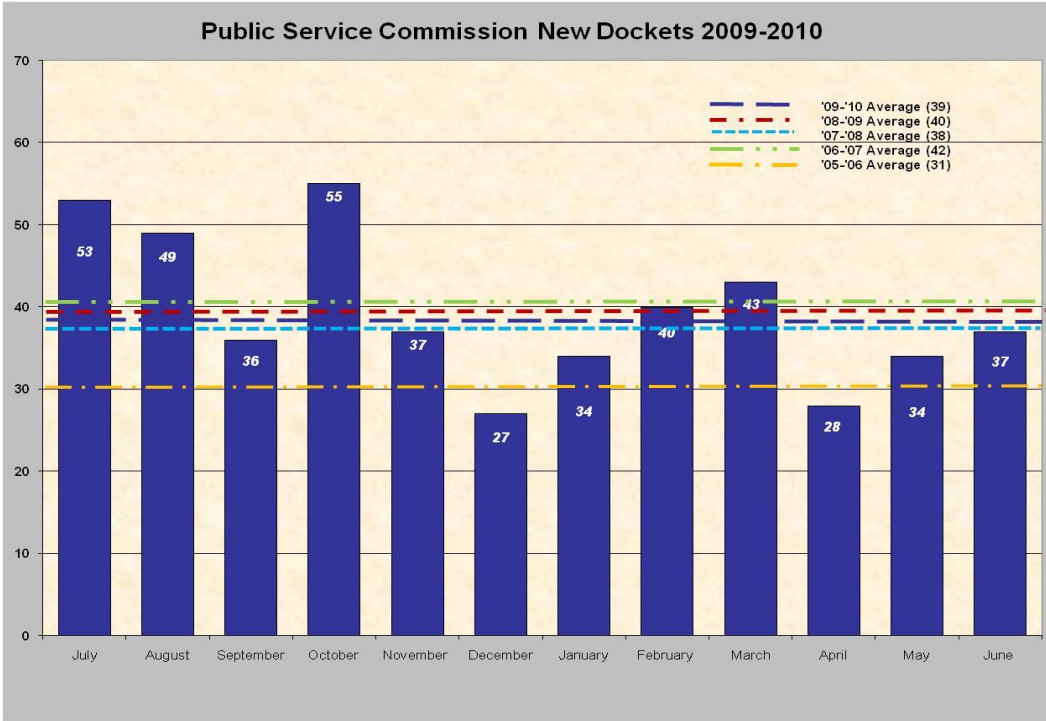


Chart 7.1-5 New Dockets

- Hearing officers and examiners were appointed to dispose of procedural matters and report findings of fact in appropriate cases. This action streamlines the hearing process, thus increasing productivity and response time for our customers and stakeholders included in these cases. (Chart 7.1-6)

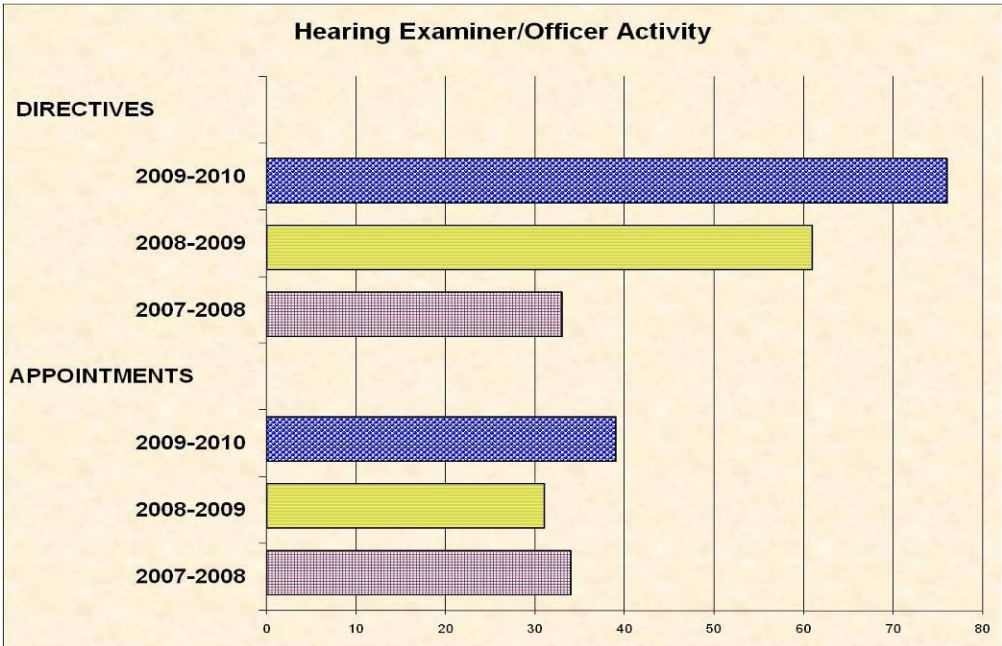


Chart 7.1-6 Hearing Officer/Examiner Activity

7.2 Action items completed in the communications area resulted in improved customer service, community support, and improvements in products and services.

- Over the past year, public hearings were held on topics such as renewable energy resources, energy efficiency and demand side management programs, and the Lifeline telecommunications program. In addition, fifteen local public hearings were held across the state from the Upstate to the Lowcountry in conjunction with rate request applications before the Commission.
- The Commission's online tariff system <http://etariff.psc.sc.gov> allows users to view and search tariffs online, and allows organizations to file promotions and revisions to tariffs electronically using the web based system. Currently, there are nearly 600 tariffs in the database, a 20% increase over last year. Most telecommunications companies and all electric and gas company tariffs are contained online.
- Enhancements to the agency's website www.psc.sc.gov and its online docket management system (DMS) <http://dms.psc.sc.gov> allowed the public more access to information related to the Commission's operations. The Commission's homepage www.psc.sc.gov is used to inform the public of upcoming hearings and announcements, proposed regulations, and agency information.
- The Commission launched its Order Index System, an online system that cross references Commission orders by case name and keyword. Orders from 1994-95, 1998, 2000-2004, and the general rate request orders from 1988-2008 are included in the database. Additional orders are being added.
- A new procedure for submitting and processing complaints was implemented during 2009-2010. A new form was created that can be completed online. Once submitted to the Clerk's Office, a complaint is on the fast track to a hearing to bring about a timely resolution for all parties. The goal of the Commission is to conduct a hearing within 45 days of receipt of the complaint.
- Customer satisfaction is very high with regard to the Commission's operations. In a survey of the Commission's Advisory Committee members regarding the satisfaction level of timeliness and quality of service in their dealings with the Commission, the respondents replied with "highly satisfied" or "satisfied" responses.
- Posting of matters related to docketed cases on DMS is a vital function of the Clerk's Office. (Chart 7.2-1) Once the information is in DMS, it is available for public access over the internet. This information consists of applications, testimony, exhibits, notices, correspondence, orders, etc. 2009-2010 saw an increase in matters attributable to the significant rate cases that came before the Commission this year.

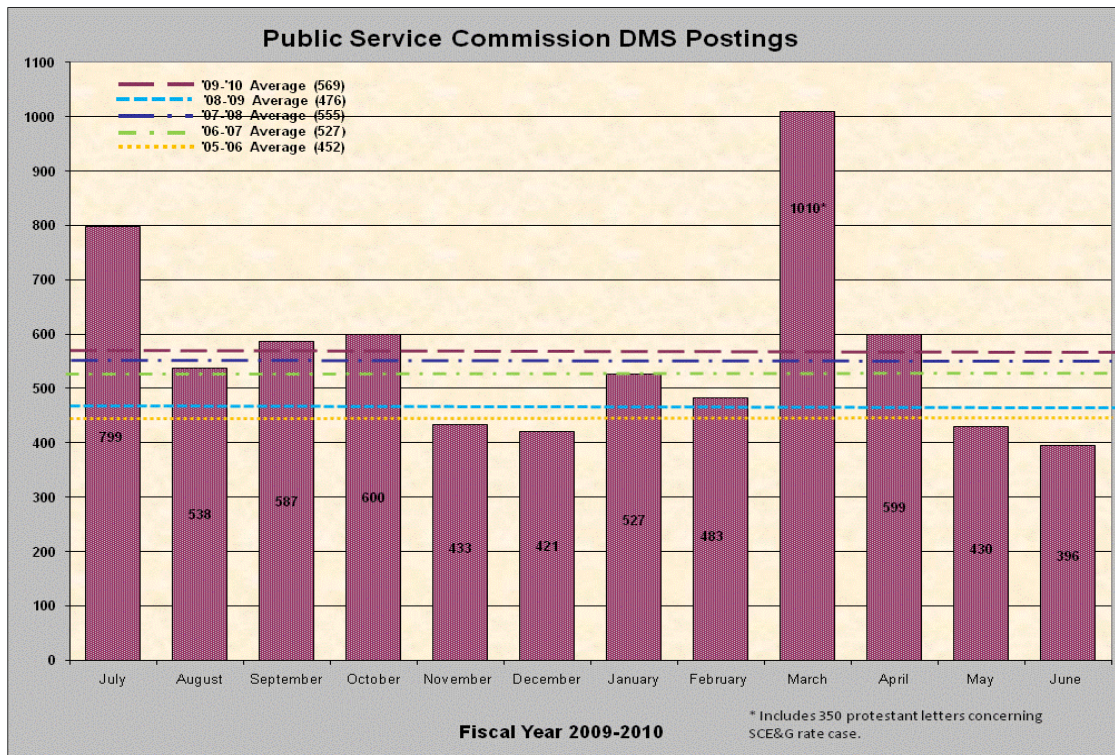


Chart 7.2-1 DMS Postings

- The DMS's database was expanded to include orders dating back to 1962. Requests for the information contained on DMS continue to increase year after year reinforcing the utility of the system. (Chart 7.2-2)

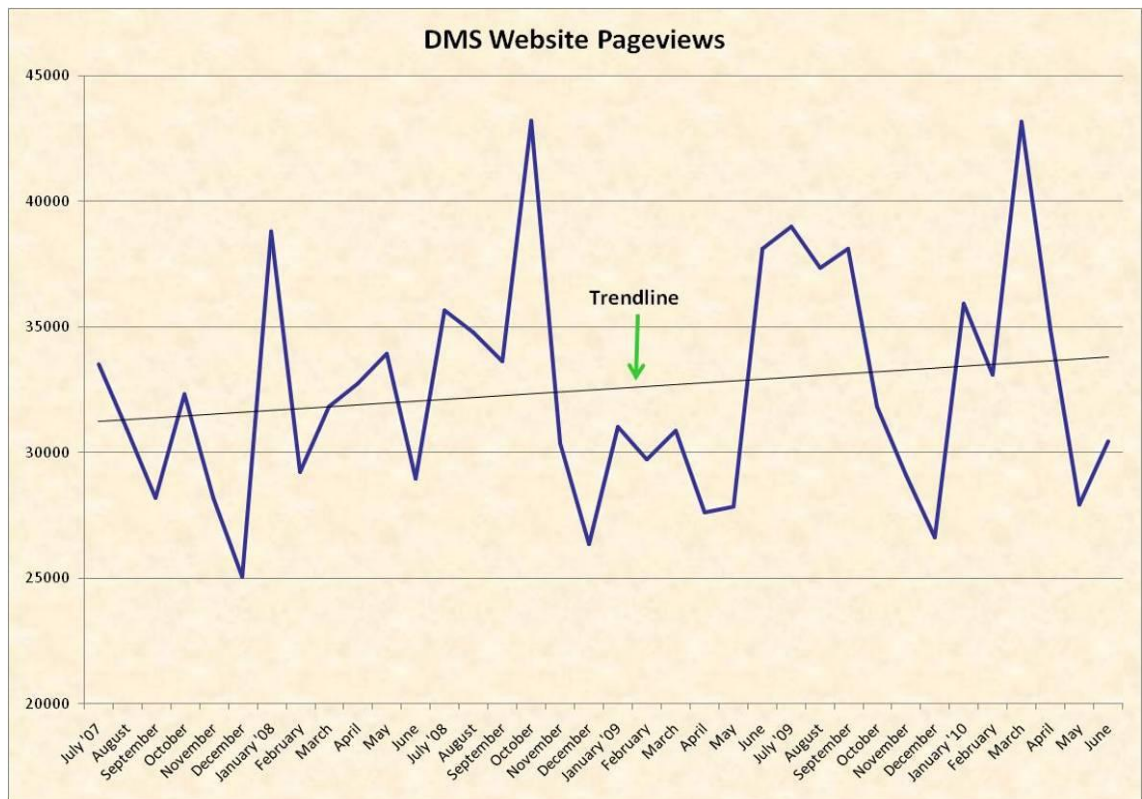


Chart 7.2-2 DMS Website Activity

- Most traffic comes to the Commission websites by direct link, but visitors also access the sites from referral sites such as the ORS website, NARUC’s website, and the state government websites. DMS had over 95,000 visits this past year, coming from 62 different countries. (Figure 7.2-3) This figure was up from 80,000 visits last year.

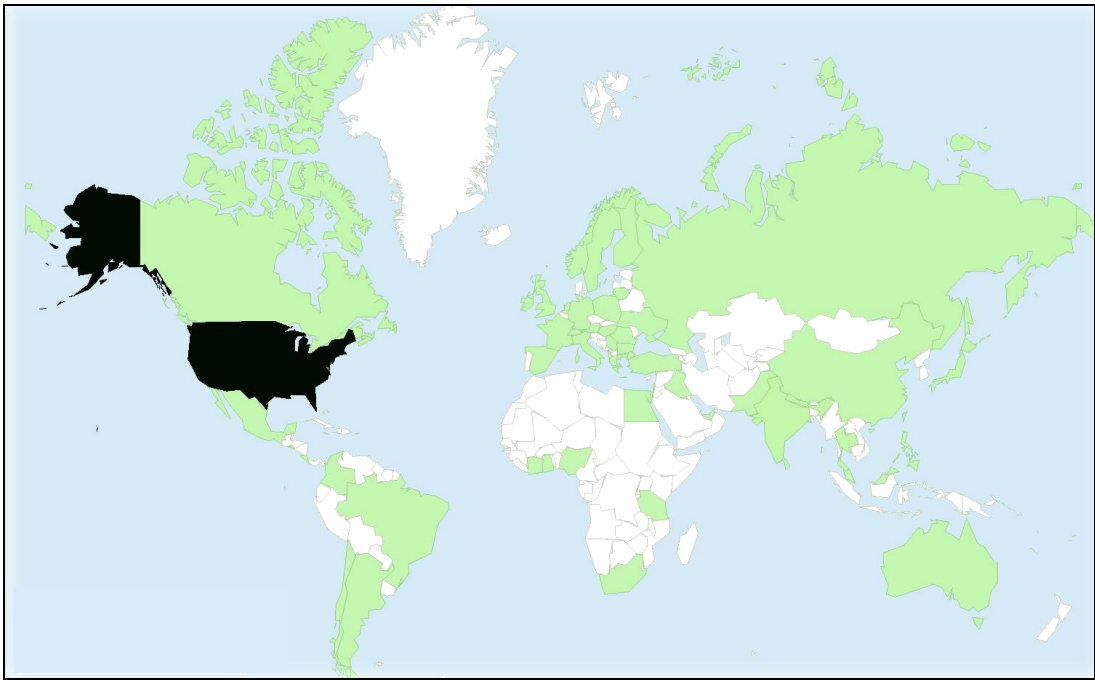


Figure 7.2-3 DMS Website Traffic

- As shown in Chart 7.2-4, the Commission’s website is very accessible using internet search engines. In the past four years, the Commission has seen an increase in the activity on its main website. As new information is added to the site, such as details on the significant cases and announcements of public hearings, search engines are able to direct people to the site.

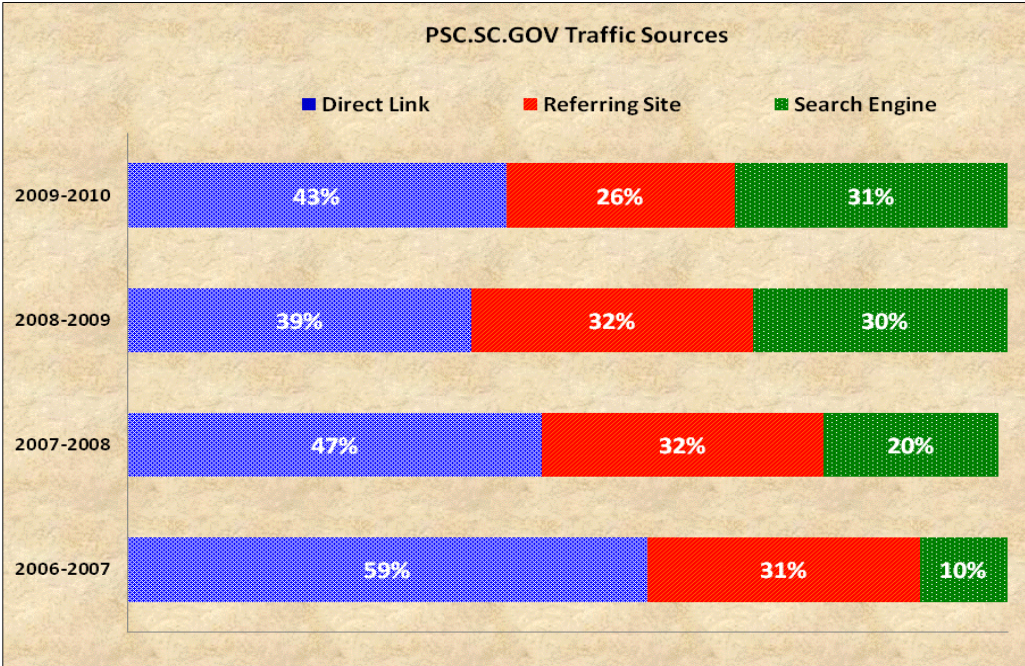


Chart 7.2-4 PSC Website Traffic

7.3 The Commission completed the 2009-2010 fiscal year within its operating budget, with a carry forward of \$182,007. The FY 10-11 budget was submitted in a timely manner.

7.4 The Commission aspires to professional excellence and, in a readily changing environment, must be alert to and anticipate emerging issues in the industries it regulates.

- Public workshops and allowable ex parte briefings were held to develop a better understanding of regulatory developments and issues that affect the industries regulated by the Commission.
- The commissioners and staff received training on ethics issues in the form of seminars and newsletters to ensure compliance with the Code of Judicial Conduct and Title 8 of the South Carolina Code of Laws.
- A system to alert the Commission to upcoming legislation, court ruling or federal entity ruling is in place to provide senior leadership with timely information to assist the Commission with its duties, as well as alerts related to happenings within the regulated industries. A total of nearly 600 alerts was issued during 2009-2010, with 314 from the Advisory Staff and the remaining 275 from the Legal Department. (Chart 7.4-1)
- The Office of Advisory Staff identified areas where the Commission needed additional training and conducted seminars in areas such as Net Neutrality, Renewable Portfolio Standards, Cyber Security, and Broadband Service. (Chart 7.4-1)
- Participation in national and regional regulatory conferences (NARUC, SEARUC, NERC, IPU, etc.) and involvement in associated committees benefited the commissioners and staff by keeping them informed of current issues within regulated industries. (Chart 7.4-1)

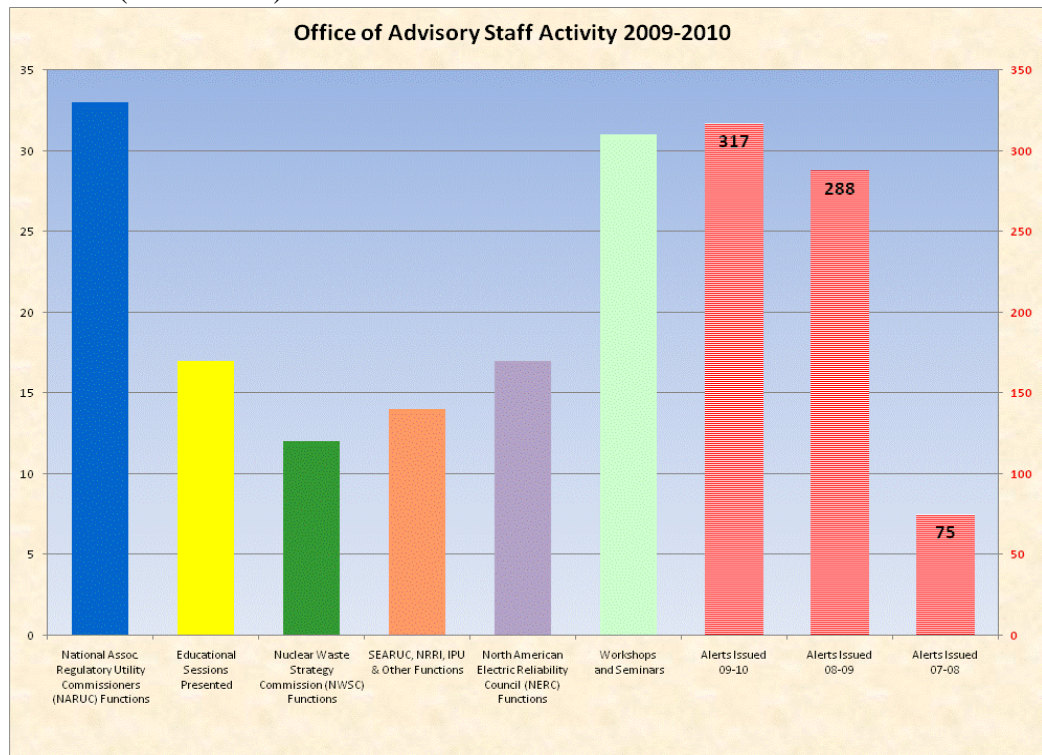


Chart 7.4-1 Office of Advisory Staff

- Commissioners and staff continued to achieve positions of leadership on the national and regional level. (Figure 7.4-2)

Chairman - NARUC Committee on Gas*
Chairman - NARUC Committee on Water*
Chairman- NARUC Committee on Critical Infrastructure*
Chairman - NARUC Nuclear Issues and Waste Disposal Subcommittee
Chairman – Nuclear Waste Strategy Coalition
Chairman - NARUC Staff Subcommittee on Information Services
Voting Member – NERC Compliance and Certification Committee
Voting Member - NERC Planning Committee

* Additionally Serve on NARUC Board of Directors

Figure 7.4-2 Leadership Positions

7.5 The Commission continued to identify improvements to operations and procedures that resulted in increased productivity.

- Electronic filing (E-Filing) of documents increases the timeliness of the information and improves productivity for the users and the Commission staff. (Chart 7.5-1) As more users realize the benefits of E-Filing, the percentage of documents filed electronically will increase as the trend shows. DMS electronic filings did not increase as much as expected this fiscal year due to the high number of hardcopy protest letters received from customers of the electric utilities with rate requests before the Commission.

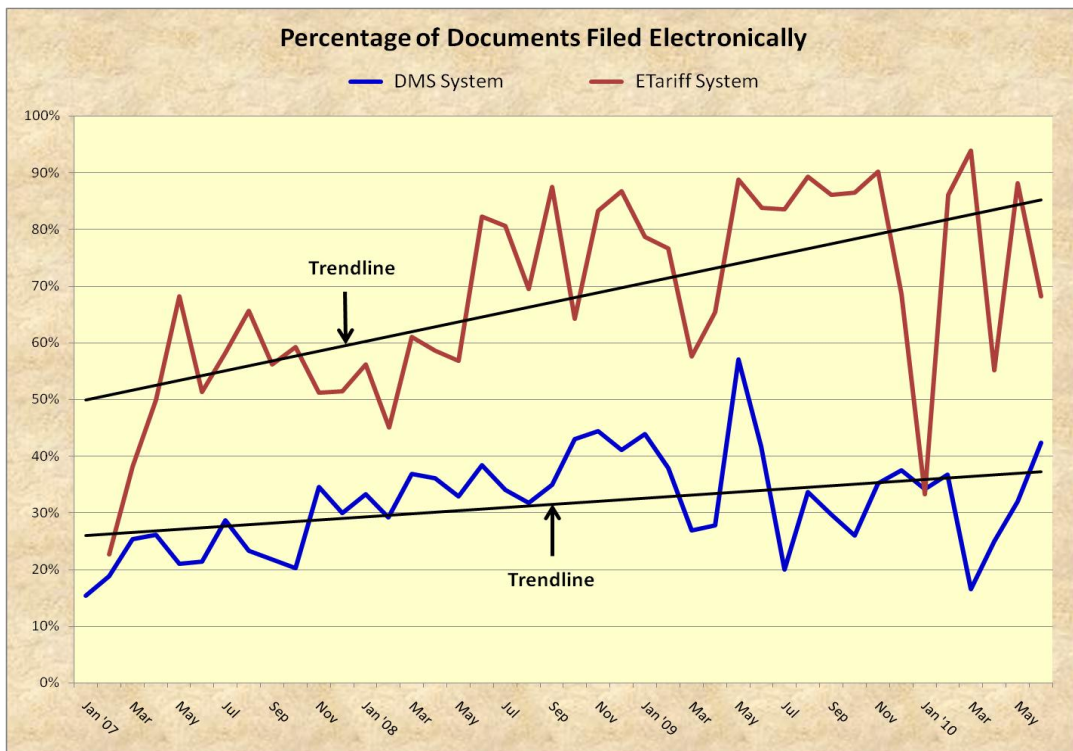


Chart 7.5-1 E-Filing

7.6 The process of revising the regulations that govern the practices and procedures of the Commission and its regulated industries is on-going. This year revisions were approved to clarify existing regulations and eliminate unnecessary regulations. (Table 7.6-1) The General Assembly approved the following revisions which have public interest implications:

- Article 2 to delete Regulation 103-181 which requires transportation carriers to maintain workers' compensation insurance. This regulation is unnecessary as Title 42 governs South Carolina workers' compensation laws.
- Article 2 to clarify that the lessee of a leased vehicle has the exclusive possession, control, and use of leased vehicles and that the lessee is responsible for procuring insurance for the vehicle for the duration of the contract, lease, or other arrangement.
- Article 2 to add definitions related to a charter bus. Additionally, to delete language that states a limousine shall not be considered to be a charter bus.

Notices of drafting have been filed with the General Assembly's Legislative Council concerning the following proposed legislation: (Table 7.6-1)

- Amend Article 6 to provide for bonding or other security to protect consumers of retail residential local exchange telephone service. This regulation applies to telephone utilities that have not individually or together with their affiliates, invested at least five million dollars in telecommunications facilities in the state of South Carolina. This regulation will protect customers in the event a telephone company ceases to provide service.
- Amend Article 3 to delete language that reflects outdated practices of electric utilities. Also, amend Article 3 to allow electric utilities to require deposits from non-delinquent non-residential customers who are experiencing financial difficulties, and to retain deposits from non-residential customers who are experiencing financial difficulties during the past two years. The proposed regulations mitigate an electric utility's risk of loss, which ultimately is passed on to ratepayers.

2009-2010 PSC Regulation Revision Status							
Article	Description	Notice of Drafting	Proposed Regulations Filed	Public Hearing Held	Final Regulations Filed	Approved by General Assembly	Published in State Register
2	Workers Compensation Insurance	✓	✓	✓	✓	✓	✓
2	Use of Leased Vehicles	✓	✓	✓	✓	✓	✓
2	Charter Bus Definitions	✓	✓	✓	✓	✓	✓
3	Customer Deposits and Deposit Retention for Electric Utilities	✓					
6	Bond Requirements for Local Exchange Carriers	✓					

Table 7.6-1 PSC 2009-2010 Regulation Review Process